

From: [Ed Hill](#)
To: [Sam Hammoud](#)
Cc: [Rob Teis](#); [Gary Fields](#); [Norm Asbjornson](#); [Remia Jones](#)
Subject: FW: Norm Letter
Date: Thursday, June 15, 2017 10:22:00 PM
Attachments: [STRATEGIC SNAPSHOT FINAL.pdf](#)
[AAON Unreleased Orders 2016 - REVISED.pdf](#)
[Strategy For Success Discussion.pdf](#)

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Sam,

This will outline the highlights of our succession plans that we are developing.

As you are aware I am actively involved in all aspects of Hill Company on a daily basis including sales, service, operations and planned growth. We have installed distributed leadership to shape the future success of the company and direct its current path. My passion for the business remains high and my energy level is exceptional. Even so, I recognize that at some point the company will transcend to new ownership and that process must be strategically planned. I requested a meeting with Gary Fields in December to discuss the strategic success of Hill Company going forward including potential succession plans. Attached is the Strategic Snapshot I provided Gary Fields for review along with copies for you, Brett Smith (at that time) and Norm Asbjornson. Also attached is the agenda I had hoped to cover in my meeting with Gary.

Hill Company, Inc. was formed in 1990 after a compilation of 23 years of previous experience in the HVAC industry with engineering experience, sales experience and management experience with York International (now JCI). Additionally, I obtained my MBA in business from Georgia State University in 1982 along with a professional engineering license and a certified contractor license for the State of Georgia. Armed with these preparations and a short two year partnership with a retrofit contractor Hill Company launched as a successful independent HVAC sales representative company that has sustained 27 years with millions of dollars in sales to major contractors and many owners in the Fortune 100. Hill Company, Inc. has always maintained high rankings with the companies we represent including AAON where we have been in the **top ten** many of our years and **top six** five of those years. HCI has been **the #2 rep** in the country for two years thus far.

It is important to the loyal employees of Hill Company and our loyal manufacturers that we apply the same diligence in developing a succession strategy that will preserve and enhance the relationships Hill Company has in the market place with all of our customers and with our trusted supplier/manufacturers. As we endeavor to plan for succession we recognize that the strategy must be planned with flexibility and options. Our history shows deliberate planned steps for growth that span years. Since becoming affiliated with AAON in 2001 we have grown from 6 employees to over 34 employees and sales from 5 million to over 30 million with three offices. We are applying that same diligence in our succession planning which includes consultation with our team of attorneys, accountant and a M & A firm to make sure we make the best choices and develop the best plan. This process takes time.

To that point we currently are developing three primary succession (and growth) plans.

Plan A

This plan will reward those employees who have demonstrated the necessary company commitment and leadership capabilities in the execution of their current assigned roles and responsibilities. Once we finalize the legal and financial aspects of the succession strategy the implementation process will be initiated. It is a fact that not all people have the required talents and capabilities to become effective leaders. The leadership list may expand but the three selected leaders/owners to date are listed below. The overall company "experience/age" profile by design reflects a deliberate effort to recruit and retain young talented personnel with the vision that these employees will represent the second and third waves of leadership/ownership. We currently have three employees (other than those listed below) ranging from 26 years old to 31 years old that are responsible for key functions in our daily Hill Company successes.

Tyler Hill, P.E. (33 years old)

Tyler has 10 years in the HVAC industry. Tyler is a Georgia Tech mechanical engineering graduate who worked in the consulting engineering sector of the industry for two years prior to joining Hill Company eight years ago. His initial responsibility at Hill Company was setting up and managing our Engineering and Sales Support Group with some direct sales responsibilities. After three years Tyler moved to our controls group where he now manages the department and is the lead programmer. Tyler has successfully integrated his mechanical knowledge of HVAC equipment with his exceptional programming skills that have resulted in over 750 controls projects for Hill Company (mostly HVAC AAON equipment).

Tyler is also responsible for managing job costing and the profit/loss performance of his team.

Tyler's un-assuming demeanor, effective management skills, initiative, and exceptional communication skills with contractors, factory engineers, owners and service technicians provide him a solid base for additional leadership responsibilities in Hill Company going forward. His dependable actions have gained the respect of customers and fellow employees. Tyler also has superior problem solving skills which will benefit the company as he assumes more leadership opportunities.

Andy Chapman, P.E. (37 years old)

Andy began his HVAC career as a design professional upon receiving his mechanical engineering degree from Auburn University. After six years with a consulting engineering firm he was recruited as a sales engineer for Hill Company. During Andy's nine years of continuous development in his sales responsibility he has become one of our most proficient sales engineers. Andy gains the respect of his customers as their trusted advisor and as such he is able to obtain a high level of basis of design specifications that have high closure rates.

Andy is organized and can multi-task through a high volume of time sensitive deadlines. He is consistent and paced in all of his endeavors and objective in his assessments of people and situations. Andy is well suited for leadership responsibilities with a high acumen for goal setting and

planning.

Josh Taylor, P.E. (53 years old)

Josh also began his HVAC career as a design professional followed by a seven year sales role in controls and performance contracting with Honeywell after obtaining his mechanical engineering degree from Vanderbilt University. After recruiting Josh 19 years ago Josh's successful history with Hill Company is highlighted by the fact that he always manages to rise to the top in his people relationships. Josh has in-depth engineering strengths that center around his vast HVAC system knowledge. Josh is a relationship type person which will benefit him as a leader for Hill Company going forward since at the core of customer successes and manufacturer partnerships are a good relationships.

Plan B

Plan B is an alternative consideration for a Hill Company acquisition that began in 2012 when we were approached by a local manufacturers' representative firm serving the State of Georgia. Those discussions are continuing (as recent as March 2017). In 2016, we were approached by yet another large local firm with a regional presence and that dialogue is continuing as well with the most recent activity in May 2017. We also complied with the request by Gary Fields last December to contact TAS about his interest in TAS acquiring Hill Company.

What we are learning through consultation with our selected M&A firm is that the considerations for company value are quite complex and must be evaluated on a myriad of items. Growth goals, company culture and core strengths weigh heavily into making good assessments of potential acquisition.

Plan C

During the above processes we have also decided to consider the possibility of acquiring a local firm that has complimentary products and these discussions are in their infancy. The first meeting was in April 2017.

All three plans have exceptional possibilities for Hill Company and for our supplier/manufacturers. We are focused on the Plan A mechanics which will help us establish a time line for an eventual succession as well as accelerate Hill Company growth and increased sales in the short term. As things begin to firm up we will keep you advised.

Regards,

Ed Hill

PS: We have been extremely busy with K-12 sales so I have not had time to bring you up to speed with additional growth. Chris Dorsey joined our team in June 1 as a sales engineer. Chris is a mechanical engineering graduate of Southern Tech (SPSU) with previous experience as a service technician, a mechanical contractor and as a consulting engineer. Chris is 30 years old and brings an energetic and hard driving dimension to our sales team. His successes will accelerate our sales

overall including AAON sales. Pamela Rivera will most likely be on board by mid-July or sooner to pursue new business development. She can open doors at the owner level 99% of the time. We have already closed two AAON deals due to her capabilities so I decided to hire her away. As soon as we have the details finalized she will be on board.

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